

Head 17 - Report of the Auditor General of the Office of the Leader of the House of Parliament – Year 2017

The Appropriation Account and a Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amended) Act No.32 of 2017 were presented to audit by the Leader of the House of Parliament. The financial and physical performance reflected from those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Accounting Officer and the Revenue Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Leader of the House of Parliament – Head 17 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary of the office on 14 August 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

The audit observations of the Office of the House of Parliament for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.5 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 127 of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation -----		
127 (1)(a) Should plan the financial works that the business transacted with correctness and financial propriety. (the business must be transacted in accordance not merely with the financial and departmental order but also with the high standards of integrity expected in the transaction of public business)	1. Procurement activities Not properly planned 2. Not maintaining books and records.	2.1.1 2.4
127(1)(b) Has evolved a system which provides adequate controls over expenditure and the collection of revenues.	Non - Compliance	2.5
127(5) Important variations between departmental estimates and expenditure receive critical examination at the Ministry.	Made over provision	2.2

127(6) The collection of Revenues or other Government dues for which accounting officers are responsible is closely watched and examined by the Ministry. Deficiencies in Public officers' Advance accounts 2.3

2. Material and Significant Audit Observations

2.1 Performance

Thirty two draft Acts had been submitted to Parliament and had been approved during 01 January to 31 December 2017 and 127 Proposals, Decisions, Regulations, and Orders had been submitted to Parliament and received the approval. Also, 380 Annual Reports, Performance Reports and Other Reports had been submitted and tabled in the Parliament.

2.1.1 Procurement Progress

An allocation of Rs.900,000 had been made to the Office for Procurement of Suppliers and services during the year under review and of that a sum of Rs.894,933 had been utilized. The following observations are made relevant to the preparation of Procurement Plan for the allocation made.

(a) Master Procurement Plan

In terms of guide line 4.2.1 of the Government Procurement Guidelines Master Procurement Plan envisaged procurement activities at least for period of three years had not been prepared.

(b) Annual Detailed Procurement Plan

The annual Procurement Plan had not been prepared in accordance with the format stipulated in the guideline 4.2.1 of the Government Procurement Guidelines.

(c) The procurement time schedules envisaged procurement activities of the Procurement Plan should be made in accordance with the instructions of guidelines 4.2.2 and 4.2.3 of the Government Procurement Guidelines and stipulated format in the Procurement Manual should be used. The procurement Plan had been prepared without identifying the chronological order of each procurement activities.

- (d) Even though Procurement Plan should be prepared according to the provisions made available in the annual estimate, but annual estimated Provision Rs.500,000 for stationeries and office requisites in the year under review had not been included to the plan.
- (e) With relevant to the total procurement value amounted to Rs.794,959 details in accordance with guidelines 3.4.2(a), 5.3.10(a) and 6.3.1 (b) of Government Procurement guidelines such as detail of goods, quantity, time of delivered, location, responsibility, time period of bidding and bids must be submitted only under sealed cover etc, had not been mentioned in the bid calling documents sent to suppliers. Thus, bid opening and evaluating committees had not been appointed in terms of 6.3.3 and 6.3.6 guidelines.
- (f) In terms of guideline 6.3.1(a) of the Government Procurement Guidelines, the bids shall be received by registered post, personally by an officer authorized by the procurement entity, or depositing in the sealed tender box only. But bids had not been accepted so.
- (g) In terms of 7.11.1 of the procurement manual, immediately after the evaluation is completed the procurement committee should prepare a bid evaluation report in the given format in the procurement manual but had not done so.

2.2 Utilisation of Provisions made by Parliament for the Execution of Activities

 The particulars relating to the provisions made for the Office and utilisation and savings during the period of 05 years ended 31 December 2017 are given below.

Year	Category of Expenditure	Net Provision	Utilisation	Savings	Savings as a Percentage of Net Provision
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	24.73	24.13	0.59	2.39
	Capital	1.30	1.26	0.04	3.08
	Total	26.03	25.39	0.64	2.46
2014	Recurrent	26.68	25.49	1.18	4.42
	Capital	2.15	1.62	0.53	24.65
	Total	28.83	27.11	1.72	5.97
2015	Recurrent	28.65	28.20	0.45	1.57
	Capital	2.20	0.98	1.22	55.45
	Total	30.85	29.18	1.67	5.41

2016	Recurrent	34.90	34.35	0.55	1.58
	Capital	2.05	1.95	0.10	4.88
	Total	36.95	36.30	0.65	1.76
2017	Recurrent	38.08	37.28	0.80	2.10
	Capital	1.30	1.16	0.14	10.77
	Total	39.38	38.44	0.94	2.39

Allocation of Over Provisions

Excess provisions totalling Rs.1.66 million had been made for 02 capital objects and 04 Recurrent objects and as such the savings, after utilization of provisions totalling Rs.1.32 million, ranged between 12 per cent to 92 per cent of the net provisions relating to the respective objects.

2.8 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.01701 of the office, and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
2.00	1.99	1.00	1.65	4.00	3.37

Non Recovery of Outstanding Loan Balance

According to the Reconciliation Statement presented to audit, the balance of the Distress loan that remained outstanding as at 31 December 2017 from an officer interdicted was Rs.128,800. Even though, this balance had existed for 03 years the office had unable to recover the outstanding loan balance.

2.4 Not maintained Books and Records

The following records had not been properly updated and maintained by the office were observed during the course of audit test checks.

Records category -----	Relevant Regulation -----
a. Committee meeting report	Guideline 2.11.3 (a) of the Government Procurement Guideline.
b. Attendance sheet of the Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of the Government Procurement Guideline.

2.5 Non-compliance with Laws, Rules and Regulations

In accordance with the Paragraph 06 of the Circular No.09/2009 dated 16 April 2009, Circular No.09/2009 (I) dated 17 June 2009, and Circular No.03/2017 dated 19 April 2017, when time is the factor for calculating allowances for working after normal office hours, the extra time should be verified from finger print machines, but contrary to the above a sum of Rs.2,090,753 had been paid as allowances by the office.

2.6 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

Particulars on Approved and Actual Cadre and the number of vacancies as at 31 December 2017 are given below. A sum of Rs.28,732,834 had been spent by the office for the year under review under the personnel emolument expenditure object.

	Category Employees -----	of Approved Cadre -----	Actual Cadre -----	Number of Vacancies -----
(i)	Senior Level	03	02	01
(ii)	Secondary Level	01	01	-
(iii)	Tertiary Level	10	08	02
(iv)	Primary Level	16	14	02
(v)	Casual/ contract/Temporary	03	03	-
	Total	--- 33 ==	--- 28 ==	---- 05 ===